

NO PROTEST REC'D

CLOSE

4-24-90

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FEB 27 1990

Dear Applicant:

We have considered your application for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. You were formed as an unincorporated association on [REDACTED].

Your activities are specifically designed to pay expenses incurred in obtaining a bone marrow transplant for [REDACTED]. You will pay for testing of potential bone marrow donors until a match for [REDACTED] is found. The remainder of your funds will go toward medical costs leading up to [REDACTED]'s bone marrow transplant, namely the medical care and hospitalization of his donor.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(i)(ii) of the Income Tax Regulations provides that in order to be exempt under section 501(c)(3) of the Code, an organization must serve a public rather than a private interest. An organization must establish that it is not organized or operated for the benefit of private interests such as designated individuals.

In Revenue Ruling 67-637, 1967-2 CB.188, an organization provided scholarships to individuals designated as scholarship recipients by donors to the organization. It was stated that this organization was operated to benefit designated individuals rather than the public as a whole. Therefore, this organization could not qualify for exempt status since it served private rather than public interests.

In this case, you are paying all expenses incurred in obtaining a bone marrow transplant for [REDACTED]. Since your activities benefit only a single pre-designated beneficiary, you are serving his private interests rather than the interests of the community as a whole. Therefore, you cannot qualify for exempt status under section 501(c)(3) of the Code. You are required to

[REDACTED]

file federal income tax returns. Contributions to you are not deductible under section 170.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of the letter. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this proposed ruling in a timely manner it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Los Angeles, California. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelope: E:EO:R:2-4, Room 6138. These symbols do not refer to your case but rather to its location.

Sincerely yours,

(Signed) [REDACTED]

[REDACTED]  
Chief, Exempt Organizations  
Rulings Branch 2

[REDACTED]

cc: DD, Los Angeles  
Attn: EO Group

cc: State officials

cc: [REDACTED]